

analysis, physician-industry interactions appear to affect prescribing and professional behavior and should be further addressed at policy and education levels.

Over the years, I have personally received numerous examples of outlandish drug company gifts to physicians. One memorable example came from a physician who sent me a sample of perks he received over the course of one week. The week started with an invitation to the horse races—including a private suite, lunch and open bar from noon to 3:00 pm. Only a day later, he was offered free dinner at a fine restaurant where meals averaged \$25/plate, and on the next day he received major league baseball tickets for the entire family.

As yet another example of industry-physician interaction, I would like to insert in the RECORD, a March 9, 2000 USA Today article. This article describes a growing trend among advertising and marketing firms to sponsor physician continuing medical education courses that doctors in 34 states need to keep their licenses. These marketing firms are paid by drug companies and often hire faculty to teach these courses and educate medical professionals about their sponsors' products. This provides drug companies with another opportunity to impact physician prescribing practice and attitudes while increasing their company profits.

At my request, the Congressional Research Service (CRS) last December completed an analysis of the tax treatment of the pharmaceutical industry. The conclusion of that report is that tax credits contributed powerfully to lowering the average effective tax rate for drug companies by nearly 40% relative to other major industries from 1990 to 1996. For this reason, I introduced the Prescription Price Equity Act of 2000 to deny research tax credits to pharmaceutical companies that sell their products at significantly higher prices in the U.S. as compared to their sales in other industrialized countries. The U.S. government already provides lucrative tax credits to the pharmaceutical industry in this country, making additional tax deductions seem particularly unnecessary.

The pharmaceutical industry reaps billions in profits every year and certainly does not need excessive tax breaks. Fortune magazine rates the pharmaceutical industry as the most profitable business in America. The average compensation for 12 drug company CEOs was \$22 million in 1998. Likewise, CRS reported that after-tax profits for the pharmaceutical industry averaged 17%—three times higher than the 5% profit margin of other industries.

Although U.S. drug companies claim their exorbitant profits are justified by the high cost of research and development, pharmaceutical companies generally spend twice as much on marketing and administration as they do on research and development. In fact, some companies are guilty of spending even more than twice as much on advertising/administration expenses. For example, Merck & Pfizer spent only 11% of revenues on R&D in 1997, and spent more than twice that amount (28%) on administration and marketing making available an abundance of funds for generous drug company "gifts."

Research and development is a much more important pharmaceutical expenditure than the

billions of dollars wasted on drug company gifts to physicians. Our nation has reaped great rewards as a result of pharmaceutical research; pharmaceutical and biotech research have discovered life-saving cures and treatments for ailments that afflict our society. But drug companies can do more. If the pharmaceutical industry would stop wasteful spending on promotions and spend instead on R&D, think of all the additional lives that could be saved.

Currently, one third of Medicare beneficiaries have no coverage for prescription drugs and two-thirds of beneficiaries have no coverage or unreliable drug coverage. Over half of our most vulnerable are above the poverty level. That's why I've introduced H.R. 1495, Access to Prescription Medications in Medicare Act. This bill provides a universal, comprehensive Medicare drug benefit with a \$200 deductible and 20% coinsurance for seniors up to \$1,700 per year. Seniors with very high drug expenses get 100% of their drug costs paid by Medicare (i.e., stop-loss) after \$3,000 in annual out-of-pocket spending.

The need for this bill is clear. Denying the pharmaceutical industry the ability to deduct expenditures for certain gifts and benefits to physicians is a critical step in providing Americans with access to more life-saving drugs. By redirecting drug company promotional expenditures to their R&D budgets, the American public should reap the benefit of increased medical breakthroughs. To the extent the companies do not redirect these expenditures to R&D, the denial of the tax deduction will help finance a Medicare prescription drug benefit to ensure that our nation's seniors and disabled have access to the medications they need.

A TRIBUTE TO COL. JOSEPH D.
HUGHES, JR.

HON. MIKE McINTYRE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 23, 2000

Mr. McINTYRE. Mr. Speaker, today I pay tribute to Col. Joseph D. Hughes, Jr., who is retiring from the North Carolina National Guard after 37 years of service to the Tar Heel State.

As superintendent of the Maneuver Area Training Equipment Site at Fort Bragg, NC for the past 11 years, Colonel Hughes has been responsible for a variety of tasks, including supervision of essential personnel and maintenance of defense equipment. Through each of these duties, Colonel Hughes has performed admirably and thoroughly. In addition, Colonel Hughes has worked with my Fayetteville district office on a variety of issues to assist the citizens of the seventh congressional district. For his service to our region, our State, and our Nation, I am thankful, and we all should be grateful.

President John F. Kennedy once said, "For those to whom much is given, much is required. And when at some future date when history judges us, recording whether in our brief span of service we fulfilled our responsibilities to the state, our success or failure, in whatever office we hold, will be measured by

the answers to four questions: First, were we truly men of courage . . . Second, were we truly men of judgment . . . Third, were we truly men of integrity . . . Finally, were we truly men of dedication?" Colonel Hughes will truthfully be able to answer each of these questions in the affirmative. He is indeed a man of courage, judgment, integrity, and dedication.

Colonel, as you enter this next stage of your life, may the time with your family and loved ones be blessed and plentiful. May your memories be proud and positive, and may your life continue to be enriched with peace, joy and heartfelt thanks from your neighbors, friends, and loved ones.

IN HONOR OF SHERRILL'S BAKERY

HON. DENNIS J. KUCINICH

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 23, 2000

Mr. KUCINICH. Mr. Speaker, today I honor Sherrill's Bakery, the "Fine Pastry, Fine Foods" bakery located at 233 Pennsylvania Ave., in Washington, DC. Sherrill's Bakery has fed Capitol Hill and countless visiting tourists from throughout the nation for generations.

Established in 1922, Sherrill's Bakery has changed hands once to current owner, Dorothy Paletto, known to her employees as Dottie. Dottie and her mother, affectionately known as "Miss Lola," have owned the bakery since 1941. The recipes are their own special recipes, reminiscent of a time when all restaurants were family-owned, when everybody knew your name and you knew theirs. Along with Dottie, Miss Lola, the remarkably loyal staff of Tommie Kennedy (who has worked at Sherrill's since 1941), Yolanda, and Patrick serve as the wait staff, with Leon and Ivory holding the honors in the kitchen.

Upon entering the restaurant you are pulled into a comfort zone, a laid back atmosphere where you talk to the wait staff about more than just your order. It's more than just a restaurant; it's a community, with a common bond of enjoying Sherrill's unique ambiance and tasty delights. Sherrill's Bakery is just like returning to your favorite neighborhood restaurant from your youth, always there and never changing. For all the changes that have taken place, on Capitol Hill and its immediate neighborhoods, the one constant has been Sherrill's Bakery.

The bakery serves breakfast, lunch, and dinner. It is open 7 days a week, Monday through Friday, from 6 am until 6 pm. Saturdays hours are from 7 am until 6 pm, and on Sundays the bakery is open from 7 am until 4 pm. On weekends, the line of customers stretch out the door.

Sherrill's Bakery is my favorite restaurant here on Capital Hill; I go there faithfully every morning since it reminds me of my favorite neighborhood diners back in Cleveland, Ohio. The wait staff recognizes regular customers like me and my regular waiter, Patrick, is quick to promptly place my breakfast order, which he knows by heart: two slices of plain wheat toast, a bowl of oatmeal and a cup of hot water with a slice of lemon on the side. Three